



WEINLANDER FITZHUGH

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& CONSULTANTS

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EDENVILLE TOWNSHIP
EDENVILLE, MICHIGAN

FINANCIAL STATEMENTS
JUNE 30, 2006

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RSM McGladrey Network

An Independently Owned Member

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name EDENVILLE TOWNSHIP	County MIDLAND
Fiscal Year End 06/30/06	Opinion Date 09/28/06	Date Audit Report Submitted to State 12/29/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☒ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Weinlander Fitzhugh		Telephone Number 989-893-5577		
Street Address 1600 Center Ave.		City Bay City	State MI	Zip 48707
Authorizing CPA Signature <i>Stewart J. Reid</i>		Printed Name Stewart J. Reid		License Number 1101008826

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Independent Auditors' Report

September 28, 2006

Township Board
Township of Edenville
Edenville, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Township of Edenville, Edenville, Michigan as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the Township of Edenville as of June 30, 2006, and the respective changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

Required Supplemental Information

The accompanying management's discussion and analysis and budgetary comparison listed in the table of contents are not a required part of the basic financial statements but are supplemental information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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WEINLANDER FITZHUGH

Township Board
Township of Edenville
September 28, 2006
Page 2

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Edenville's basic financial statements. The accompanying other supplemental information, as identified in the index, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Weinlander Fitzhugh

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

Our discussion and analysis of Edenville Township's (Township) financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2006.

Financial Highlights

The Township's net assets increased by approximately \$60,000 or about 11%. Program revenues accounted for \$38,000 or 5% of total revenues, and general revenues accounted for \$600,000 or 95%.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Edenville Township financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements look at the Township's operations in more detail than the Government-wide financial statements by providing information about the Township's most significant funds – the General Fund, Solid Waste Fund, Road Assessment Fund and M-30 Water Fund. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the Township acts solely as an agent or trustee. The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

Budgetary Information for the General Fund, Solid Waste Fund and Road Assessment Fund
(Required Supplemental Information)

Other Supplemental Information

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

Reporting the Township as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the Township's finances is: "Is the Township better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Township's net assets as a way to measure the Township's financial position. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, and facility conditions in arriving at their conclusion regarding the overall health of the Township.

Reporting the Government's Most Significant Funds

Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

Fiduciary Funds

The Township is the trustee, or fiduciary, for tax collections. All of the Township's fiduciary activities are reported in separate Statement of Fiduciary Net Assets. We exclude these activities from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.

Government-wide Financial Analysis

The statement of net assets provides the perspective of the Township as a whole. Exhibit A provides a summary of the Government's net assets.

	<u>Exhibit A</u>		Governmental Activities	
			<u>2006</u>	<u>2005</u>
Assets				
Current and other assets			\$ 279,000	\$ 243,000
Capital assets - net of accumulated depreciation			<u>815,000</u>	<u>489,000</u>
Total assets			<u>1,094,000</u>	<u>732,000</u>
Liabilities				
Current liabilities			56,000	14,000
Long-term liabilities			<u>466,000</u>	<u>205,000</u>
Total liabilities			<u>522,000</u>	<u>219,000</u>
Net Assets				
Invested in capital assets - net of related debt			311,000	284,000
Unrestricted			<u>261,000</u>	<u>229,000</u>
Total net assets			<u>\$ 572,000</u>	<u>\$ 513,000</u>

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

Exhibit A, on the previous page, focuses on net assets. The Township's net assets were \$572,000 at June 30, 2006. Capital assets totaling \$311,000 compares the original costs, less depreciation and related debt of the Township's capital assets.

The \$261,000 in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The operating results of the General, Solid Waste, Fire, and Road Assessment Funds will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the statement of activities, summarized in Exhibit B, which shows the changes in net assets for the year ended June 30, 2006.

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

<u>Exhibit B</u>	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Revenue		
Program revenue:		
Charges for services	\$ 28,000	\$ 12,000
Grants and contributions	9,000	5,000
General revenue:		
Property taxes	392,000	277,000
State revenue sharing	174,000	171,000
Other	35,000	13,000
Total revenue	<u>638,000</u>	<u>478,000</u>
Function/Program Expenses		
General government	217,000	179,000
Public safety	95,000	81,000
Public works	9,000	97,000
Streets and highways	139,000	(1,000)
Legislative	2,000	3,000
Recreation and culture	15,000	14,000
Sanitation	85,000	97,000
Interest and fees	16,000	10,000
Total expenses	<u>578,000</u>	<u>480,000</u>
Increase (Decrease) in Net Assets	<u>\$ 60,000</u>	<u>\$ (2,000)</u>

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

As reported in the statement of activities, the cost of all of our *governmental* activities this year was \$578,000. Certain activities were partially funded from those who benefited from the programs or by the other governments and organizations that subsidized certain programs with grants and categoricals. We paid for the remaining "public benefit" portion of our governmental activities with \$392,000 in taxes, \$174,000 in State revenue sharing, and with our other revenues, such as interest and miscellaneous revenues.

The Township experienced an increase in net assets of \$60,000. The key reason for the change in net assets was the special assessment for the Fire Fund.

The Township's Funds

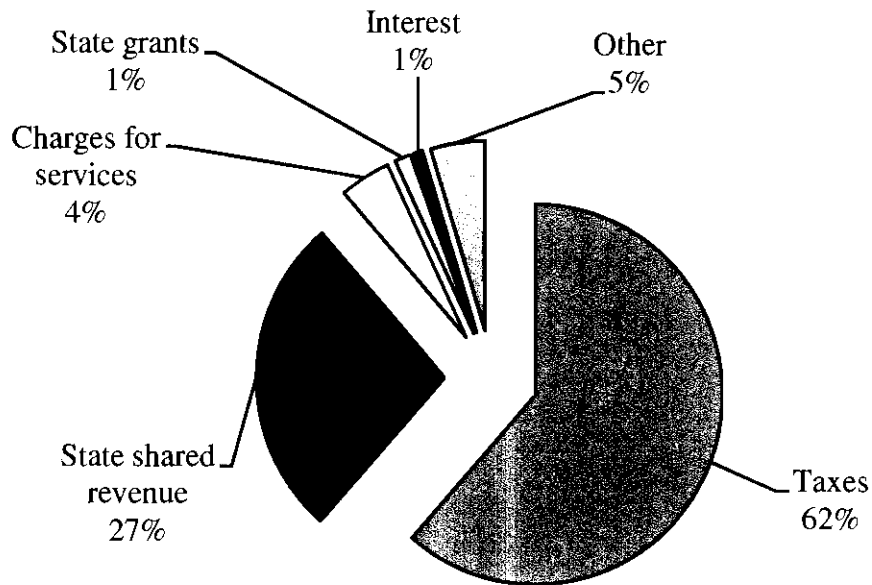
The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

The Township's governmental funds reported a combined fund balance of \$261,000, which is above last year's total of \$229,000. The schedule below indicates the fund balances and the total change in fund balance as of June 30, 2006 and 2005.

General	\$ 156,000	\$ 170,000	\$ (14,000)
Fire	(9,000)	0	(9,000)
Solid Waste	80,000	31,000	49,000
Road Assessment	(2,000)	(1,000)	(1,000)
M-30 Water	36,000	29,000	7,000
Swanton	0	0	0
Total	<u>\$ 261,000</u>	<u>\$ 229,000</u>	<u>\$ 32,000</u>

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

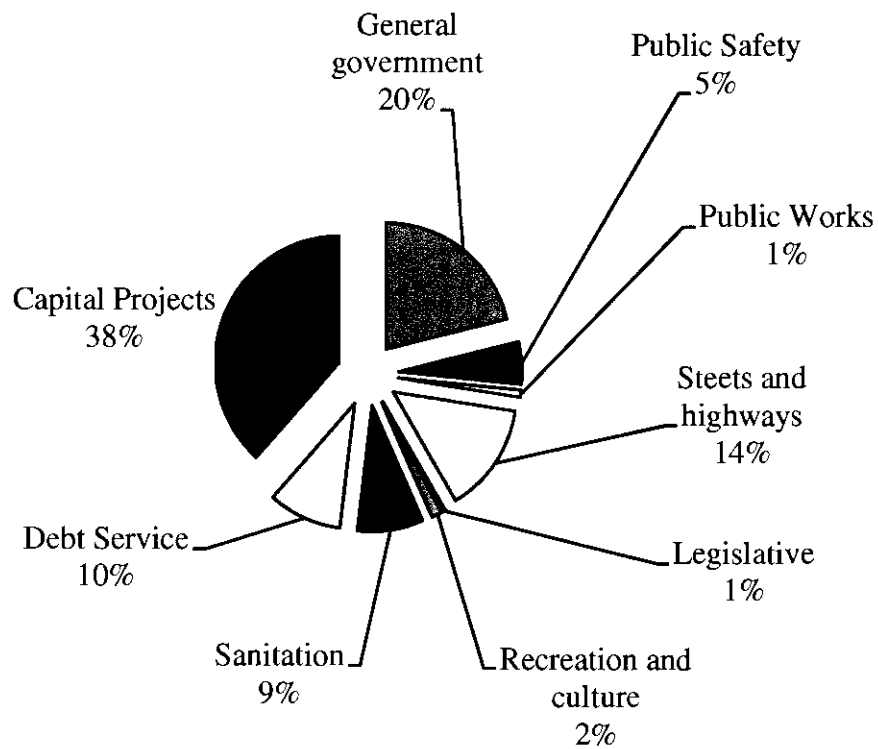
The graph below details the major sources of the Township's revenues.



Taxes	\$ 392,000	\$ 277,000
State shared revenue	174,000	171,000
Charges for services	28,000	5,000
State grants	9,000	5,000
Interest	5,000	5,000
Other	30,000	15,000
	<hr/>	<hr/>
Total	\$ 638,000	\$ 478,000
	<hr/>	<hr/>

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

The graph below details the major expenditure categories of the Township.



	2006	2005
<i>Expenditures by Function</i>		
General government	\$ 208,000	\$ 174,000
Public safety	53,000	66,000
Public works	9,000	97,000
Streets and highways	139,000	(1,000)
Legislative	2,000	3,000
Recreation and culture	15,000	14,000
Sanitation	85,000	97,000
Debt service	95,000	27,000
Capital Projects	378,000	216,000
Total	<u>\$ 984,000</u>	<u>\$ 693,000</u>

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

General Fund Budgetary Highlights

Over the course of the year, the Township revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Changes to the General Fund original budget were as follows.

- Budgeted revenues remained the same throughout the fiscal year.
- Budgeted expenditures remained the same throughout the fiscal year.
- There were no significant variances between actual results and budgeted amounts.

Capital Assets

At June 30, 2006, the Township had \$815,000 invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This amount represents a net increase (including additions and disposals) of approximately \$327,000 from last year.

EDENVILLE TOWNSHIP
Management's Discussion & Analysis
For the Year Ended June 30, 2006

This year's additions of \$378,000 included two new fire trucks. The Township used a capital leasing arrangement to pay for the additions.

We anticipate capital additions will be minimal in the next fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of the year, the Township had bonds and leasing obligations consisting of the following:

	<u>2006</u>	<u>2005</u>
2004 Water Supply System Bond	\$ 197,500	\$ 205,000
Capital Lease-Firetrucks	<u>306,500</u>	<u>0</u>
Total Debt	<u>\$ 504,000</u>	<u>\$ 205,000</u>

The Township's General Obligation Bond rating continues to be equivalent to the State's credit rating. We do not anticipate issuing any debt next year.

Factors Expected to Have an Effect on Future Operations

We expect to see a decline in state shared revenue next year as the State of Michigan continues to face challenges in balancing its budget. We will need to adjust Township expenditures in response to any revenue shortfall.

Requests For Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in Edenville Township. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Ms. Alice Sharon Such
Supervisor
Box 24
Edenville, MI 48620

EDENVILLE TOWNSHIP
Statement of Net Assets
June 30, 2006

Governmental
Activities

Assets

Cash and cash equivalents	\$ 221,466
Receivables - net	56,672
Capital assets - net of accumulated depreciation of \$293,350	<u>815,417</u>
Total Assets	<u>1,093,555</u>

Liabilities

Accounts payable	3,095
Accrued and other liabilities	3,537
Swanton hall advances	10,110
Due to other governmental units	4
Long term liabilities:	
Due within one year	38,516
Due in more than one year	<u>465,506</u>
Total Liabilities	<u>520,768</u>

Net Assets

Invested in capital assets - net of related debt	311,395
Unrestricted	<u>261,392</u>
Total Net Assets	<u>\$ 572,787</u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP
Statement of Activities
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government:				
General government	\$ 217,299	\$ 28,547	\$ 8,958	\$ (179,794)
Public safety	95,203	0	0	(95,203)
Public works	8,645	0	0	(8,645)
Streets and highways	139,213	0	0	(139,213)
Legislative	2,180	0	0	(2,180)
Recreation and culture	14,711	0	0	(14,711)
Sanitation	84,400	0	0	(84,400)
Interest and fees	16,172	0	0	(16,172)
Total governmental activities	<u>\$ 577,823</u>	<u>\$ 28,547</u>	<u>\$ 8,958</u>	<u>(540,318)</u>
General revenues:				
Property taxes				391,831
State shared revenues				173,577
Interest				4,740
Other				<u>30,003</u>
Total general revenues				<u>600,151</u>
Change in net assets				59,833
Net assets - beginning of year				<u>512,954</u>
Net assets - end of year				<u>\$ 572,787</u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP
Governmental Funds
Balance Sheet
June 30, 2006

ASSETS

	General Fund	Solid Waste Fund	Road Assessment Fund	M-30 Water Fund	Non-major Funds	Total
Cash and investments	\$ 63,753	\$ 80,030	\$ 2,659	\$ 36,428	\$ 38,596	\$ 221,466
Receivables - net	56,672	0	0	0	0	56,672
Due from other funds	42,231	0	0	0	0	42,231
Total assets	<u>\$ 162,656</u>	<u>\$ 80,030</u>	<u>\$ 2,659</u>	<u>\$ 36,428</u>	<u>\$ 38,596</u>	<u>\$ 320,369</u>

LIABILITIES AND FUND BALANCE

<u>Liabilities</u>						
Accounts payable	\$ 3,095	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,095
Accrued payroll liabilities	3,537	0	0	0	0	3,537
Swanton hall advances	0	0	0	0	10,110	10,110
Due to other funds	0	0	4,297	0	37,934	42,231
Due to other governmental units	4	0	0	0	0	4
Total liabilities	<u>6,636</u>	<u>0</u>	<u>4,297</u>	<u>0</u>	<u>48,044</u>	<u>58,977</u>
<u>Fund Balance (Deficit)</u>						
Unreserved	156,020	80,030	(1,638)	36,428	(9,448)	261,392
Total Liabilities and Fund Balance	<u>\$ 162,656</u>	<u>\$ 80,030</u>	<u>\$ 2,659</u>	<u>\$ 36,428</u>	<u>\$ 38,596</u>	<u>\$ 320,369</u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006

Total fund balance - governmental funds	\$ 261,392
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of the capital assets	1,108,767
Accumulated depreciation	(293,350)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	(197,500)
Capital lease payable	<u>(306,522)</u>
Total net assets - governmental activities	<u>\$ 572,787</u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2006

	General Fund	Solid Waste	Road Assessment Fund	M-30 Water Fund	Non-major Funds	Total
<u>Revenues</u>						
Taxes and penalties	\$ 113,676	\$ 132,534	\$ 27,687	\$ 22,196	\$ 95,738	391,831
State shared revenue	173,577	0	0	0	0	173,577
Charges for services	24,517	0	0	0	4,030	28,547
State grants	8,958	0	0	0	0	8,958
Interest	3,230	486	33	718	273	4,740
Other revenue	17,789	0	0	0	12,214	30,003
Total revenues	<u>341,747</u>	<u>133,020</u>	<u>27,720</u>	<u>22,914</u>	<u>112,255</u>	<u>637,656</u>
<u>Expenditures</u>						
Current:						
General government	194,411	0	0	0	13,596	208,007
Public safety	35,058	0	0	0	17,994	53,052
Public works	8,645	0	0	0	0	8,645
Streets and highways	110,726	0	28,487	0	0	139,213
Legislative	2,180	0	0	0	0	2,180
Recreation and culture	14,711	0	0	0	0	14,711
Sanitation	0	84,400	0	0	0	84,400
Debt Service:						
Principal	0	0	0	7,500	71,572	79,072
Interest and fees	0	0	0	8,144	8,028	16,172
Capital Outlay	0	0	0	0	378,094	378,094
Total expenditures	<u>365,731</u>	<u>84,400</u>	<u>28,487</u>	<u>15,644</u>	<u>489,284</u>	<u>983,546</u>
Excess of revenues over (under) expenditures	(23,984)	48,620	(767)	7,270	(377,029)	(345,890)
<u>Other Financing Sources (Uses)</u>						
Proceeds from issuance of debt	0	0	0	0	378,094	378,094
Transfers in	30,000	0	0	0	19,487	49,487
Transfers (out)	(19,487)	0	0	0	(30,000)	(49,487)
Total other financing sources	<u>10,513</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>367,581</u>	<u>378,094</u>
Excess of revenues and other financing sources over (under) expenditures	(13,471)	48,620	(767)	7,270	(9,448)	32,204
Fund balance (deficit) - beginning of year	169,491	31,410	(871)	29,158	0	229,188
Fund balance (deficit) - end of year	<u>\$ 156,020</u>	<u>\$ 80,030</u>	<u>\$ (1,638)</u>	<u>\$ 36,428</u>	<u>\$ (9,448)</u>	<u>\$ 261,392</u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2006

Net change in fund balance - total governmental funds	\$ 32,204
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(51,443)
Capital outlay	378,094
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:	
Bond proceeds	(378,094)
Repayment of bonds	7,500
Repayment of capital lease obligations is an expenditure in the governmental funds but reduces long-term liabilities in the statement of net assets.	<u>71,572</u>
Change in net assets of governmental activities	<u><u>\$ 59,833</u></u>

See accompanying notes to financial statements

EDENVILLE TOWNSHIP
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2006

	<u>Tax Fund</u>
<u>ASSETS</u>	
Cash and investments	\$ <u>88</u>
<u>LIABILITIES AND NET ASSETS</u>	
Due to other governmental units	\$ <u>88</u>

See accompanying notes to financial statements.

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Edenville (Township) conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by Edenville Township.

Reporting Entity

The Township of Edenville is governed by an elected five member council (Board). The accompanying financial statements present the financial position and results of operations for the Township for which the Township is considered to be financially accountable.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Township reports the following major governmental funds.

General Fund - The General Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

Fire Fund – The Fire Fund is used to record transactions relative to the fire protection system of the township.

Solid Waste Fund - The Solid Waste Fund is used to record transactions relative to the collection and removal of waste.

Road Assessment Fund – The Road Assessment Fund is used to record transactions relative to the repairs and upgrades to Fox Road.

M-30 Water Fund – The M-30 Water Fund is used to record transactions for the funding and payment of principal and interest on bonds issued for water line extensions.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets – Capital assets, which include land, buildings, equipment and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Buildings, improvements, equipment and infrastructure are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	50 Years
Equipment	5 to 20 Years

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 2 – BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

The Township of Edenville follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Township's supervisor submits to the Board a proposed budget prior to July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended, by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the functional level.
4. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for the General Fund, Solid Waste Fund and Road Assessment Fund are presented as Required Supplemental Information.

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 2 – BUDGETS (CONTINUED)

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, the Township of Plainfield incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated as follows.

<u>Fund/Function</u>	<u>Total Appropriations</u>	<u>Actual Amount</u>	<u>Budget Variance</u>
General Fund			
Streets and highways	\$ 98,000	\$ 110,726	\$ (12,726)
Transfers (out)	0	19,487	(19,487)
Road Assessment Fund			
Streets and highways	0	28,487	(28,487)

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories.

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and investments	<u>\$ 221,466</u>	<u>\$ 88</u>	<u>\$ 221,554</u>

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The breakdown between deposits and investments is as follows.

	<u>Primary Government</u>
Bank deposits (checking and savings accounts)	<u>\$ 221,554</u>

Interest Rate Risk

In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of June 30, 2006, \$3,337 of the Township's bank balance of \$176,837 was exposed to custodial credit risk because it was uninsured and uncollateralized.

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows.

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 14,578	\$ 0	\$ 0	\$ 14,578
Capital assets being depreciated:				
Buildings and improvements	433,030	0	0	433,030
Equipment	341,854	378,094	58,789	661,159
Subtotal	<u>774,884</u>	<u>378,094</u>	<u>58,789</u>	<u>1,094,189</u>
Less accumulated depreciation for:				
Buildings and improvements	74,217	8,661	0	82,878
Equipment	226,479	42,782	58,789	210,472
Subtotal	<u>300,696</u>	<u>51,443</u>	<u>58,789</u>	<u>293,350</u>
Net capital assets being depreciated	<u>474,188</u>	<u>326,651</u>	<u>0</u>	<u>800,839</u>
Governmental activities, total capital assets - net of depreciation	<u>\$ 488,766</u>	<u>326,651</u>	<u>\$ 0</u>	<u>\$ 815,417</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 9,292
Public safety	<u>42,151</u>
Total governmental activities depreciation expense	<u>\$ 51,443</u>

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of inter-fund receivable and payable balances at June 30, 2006 and transfers made during the year ended June 30, 2006 is as follows:

Fund	Receivables	Payables	Transfers In	Transfers Out
General	\$ 42,231	\$ 0	\$ 30,000	\$ 19,487
Road Assessment	0	4,297	0	0
Fire	<u>0</u>	<u>37,934</u>	<u>19,487</u>	<u>30,000</u>
	<u>\$ 42,231</u>	<u>\$ 42,231</u>	<u>\$ 49,487</u>	<u>\$ 49,487</u>

A payable is owed from the Road Assessment Fund to the General Fund for advances by the General Fund on behalf of the Road Assessment Fund and Fire Fund. An additional payable is owed to the General Fund by the Fire Fund for a capital lease payments by the General Fund on behalf of the Fire Fund. The transfers were related to establishing a new Fire Fund.

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 6 - LONG-TERM DEBT

A summary of the Township's long term debt is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Ending Balance</u>
2004 Water Supply System Bonds, due in annual installments of \$10,000 to \$25,000 plus interest at the rate of 1.75% to 4.75% through August 2004	\$ 205,000	\$ 0	\$ (7,500)	\$ 197,500
Capital leasing arrangement, due in annual installments of \$28,516 to \$40,182 plus interest at the rate of 6.833% through May 2015.	<u>0</u>	<u>378,094</u>	<u>(71,572)</u>	<u>306,522</u>
Total	<u>\$ 205,000</u>	<u>\$ 378,094</u>	<u>\$ (79,072)</u>	<u>\$ 504,022</u>

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 38,516	\$ 20,518	\$ 59,034
2008	39,765	19,839	59,604
2009	41,069	18,255	59,324
2010	42,430	16,584	59,014
2011	43,850	14,833	58,683
2012-2016	200,892	45,039	245,931
2017-2021	60,000	17,144	77,144
2021-2024	<u>37,500</u>	<u>3,538</u>	<u>41,038</u>
	<u>\$ 504,022</u>	<u>\$ 155,750</u>	<u>\$ 659,772</u>

EDENVILLE TOWNSHIP
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 7 – DEFICIT FUND BALANCE

The State of Michigan requires the adoption of a balanced budget for the general and all special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. The Township did not adopt a budget for the Road Assessment Fund for 2006.

The Township's Road Assessment Fund and Fire Fund have a deficit fund balance as a result of having excess expenditures over revenues. This year there were additional costs for the Road Assessment, due to appraisals and legal fees. In future years, these costs will be eliminated. The Fire Fund's deficit balance is primarily due to it being a new fund. There were many additional costs this year that will be eliminated in the next year.

Required Supplemental Information

EDENVILLE TOWNSHIP
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes and penalties	\$ 115,527	\$ 115,527	\$ 113,676	\$ (1,851)
State shared revenue	175,580	175,580	173,577	(2,003)
Charges for services	16,000	16,000	24,517	8,517
State grants	4,650	4,650	8,958	4,308
Interest income	5,000	5,000	3,230	(1,770)
Miscellaneous revenues	1,200	1,200	17,789	16,589
Total revenues	<u>317,957</u>	<u>317,957</u>	<u>341,747</u>	<u>23,790</u>
Expenditures:				
Current:				
General government	194,500	194,500	194,411	89
Public safety	42,600	42,600	35,058	7,542
Public works	26,745	26,745	8,645	18,100
Streets and highways	98,000	98,000	110,726	(12,726)
Recreation and culture	15,000	15,000	14,711	289
Legislative	3,500	3,500	2,180	1,320
Total expenditures	<u>380,345</u>	<u>380,345</u>	<u>365,731</u>	<u>14,614</u>
Excess of revenues over (under) expenditures	(62,388)	(62,388)	(23,984)	38,404
<u>Other Financing Sources (Uses)</u>				
Transfers in	0	0	30,000	30,000
Transfers (out)	<u>0</u>	<u>0</u>	<u>(19,487)</u>	<u>(19,487)</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>10,513</u>	<u>10,513</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(62,388)	(62,388)	(13,471)	48,917
Fund balance - beginning of year	<u>169,491</u>	<u>169,491</u>	<u>169,491</u>	<u>0</u>
Fund balance - end of year	<u>\$ 107,103</u>	<u>\$ 107,103</u>	<u>\$ 156,020</u>	<u>\$ 48,917</u>

EDENVILLE TOWNSHIP
Required Supplemental Information
Budgetary Comparison Schedule - Solid Waste Fund
For the Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
Revenues:				
Property taxes	\$ 132,978	\$ 132,978	\$ 132,534	\$ (444)
Interest income	200	200	486	286
Total revenues	<u>133,178</u>	<u>133,178</u>	<u>133,020</u>	<u>(158)</u>
Expenditures:				
Current:				
Sanitation	<u>114,000</u>	<u>114,000</u>	<u>84,400</u>	<u>29,600</u>
Excess of revenues over expenditures	19,178	19,178	48,620	29,442
Fund balance - beginning of year	<u>31,410</u>	<u>31,410</u>	<u>31,410</u>	<u>0</u>
Fund balance - end of year	<u>\$ 50,588</u>	<u>\$ 50,588</u>	<u>\$ 80,030</u>	<u>\$ 29,442</u>

EDENVILLE TOWNSHIP
Required Supplemental Information
Budgetary Comparison Schedule - Road Assessment Fund
For the Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
Revenues:				
Property taxes	\$ 0	\$ 0	\$ 27,687	\$ 27,687
Interest income	0	0	33	33
Total revenues	<u>0</u>	<u>0</u>	<u>27,720</u>	<u>27,720</u>
Expenditures:				
Current:				
Streets and highways	<u>0</u>	<u>0</u>	<u>28,487</u>	<u>(28,487)</u>
Excess of revenues over (under) expenditures	0	0	(767)	(767)
Fund balance - beginning of year	<u>(871)</u>	<u>(871)</u>	<u>(871)</u>	<u>0</u>
Fund balance - end of year	<u>\$ (871)</u>	<u>\$ (871)</u>	<u>\$ (1,638)</u>	<u>\$ (767)</u>

Other Supplemental Information

EDENVILLE TOWNSHIP
Other Supplemental Information
Non-Major Funds Combining Balance Sheet
June 30, 2006

	<u>Fire Fund</u>	<u>Swanton Creek Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	<u>\$ 28,486</u>	<u>\$ 10,110</u>	<u>\$ 38,596</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>Liabilities</u>			
Due to other funds	37,934	0	37,934
Swanton hall advances	<u>0</u>	<u>10,110</u>	<u>10,110</u>
	37,934	10,110	48,044
<u>Fund Balance</u>			
Unreserved	<u>(9,448)</u>	<u>0</u>	<u>(9,448)</u>
Total Liabilities and Fund Balance	<u>\$ 28,486</u>	<u>\$ 10,110</u>	<u>\$ 38,596</u>

EDENVILLE TOWNSHIP
Other Supplemental Information
Non-Major Funds Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2006

	<u>Fire Fund</u>	<u>Swanton Creek Fund</u>	<u>Combined</u>
Revenues:			
Taxes and penalties	\$ 95,738	\$ 0	\$ 95,738
Charges for services	0	4,030	4,030
Interest income	235	38	273
Miscellaneous revenues	2,686	9,528	12,214
Total revenues	<u>98,659</u>	<u>13,596</u>	<u>112,255</u>
Expenditures:			
Current:			
General government	0	13,596	13,596
Public safety	17,994	0	17,994
Debt Service:			
Principle	71,572	0	71,572
Interest	8,028	0	8,028
Capital Outlay	378,094	0	378,094
Total expenditures	<u>475,688</u>	<u>13,596</u>	<u>489,284</u>
Excess of revenues over (under) expenditures	(377,029)	0	(377,029)
<u>Other Financing Sources (Uses)</u>			
Proceeds from issuance of debt	378,094	0	378,094
Transfers in	19,487	0	19,487
Transfers (out)	(30,000)	0	(30,000)
Total other financing sources (uses)	<u>367,581</u>	<u>0</u>	<u>367,581</u>
Excess of revenues and other financing sources over (under) expenditures	(9,448)	0	(9,448)
Fund balance - beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance - end of year	<u>\$ (9,448)</u>	<u>\$ 0</u>	<u>\$ (9,448)</u>